

# PROGRAM IMPACTS

## MONTANA DEPARTMENT OF COMMERCE

SMALL BUSINESS DEVELOPMENT CENTERS  
MONTANA MANUFACTURING EXTENSION CENTER  
MONTANA BOARD OF RESEARCH AND COMMERCIALIZATION TECHNOLOGY  
MONTANA INTERNATIONAL TRADE AND RELATIONS BUREAU  
CERTIFIED REGIONAL DEVELOPMENT CORPORATIONS

## MONTANA DEPARTMENT OF AGRICULTURE

MONTANA GROWTH THROUGH AGRICULTURE  
MONTANA COOPERATIVE DEVELOPMENT CENTER

Montana Code Annotated 2005

(b) The interest income from \$140 million of the coal severance tax permanent fund that is deposited in the general fund is statutorily appropriated, as provided in 17-7-502, on an annual basis as follows:

- (i) \$65,000 to the cooperative development center;
- (ii) \$1.25 million for the growth through agriculture program provided for in Title 90, chapter 9;
- (iii) \$3.65 million to the research and commercialization state special revenue account created in 90-3-1002:
  - (iv) to the department of commerce:
    - (A) \$125,000 for a small business development center;
    - (B) \$50,000 for a small business innovative research program;
    - (C) \$425,000 for certified regional development corporations;
  - (D) \$200,000 for the Montana manufacturing extension center at Montana state university-Bozeman; and
  - (E) \$300,000 for export trade enhancement. (Terminates June 30, 2010—sec. 6, Ch. 481, L. 2003.)

Compiled by Montana Economic Developers Association (MEDA)

## PERFORMANCE IMPACT OF SMALL BUSINESS DEVELOPMENT CENTERS

The ten Montana Small Business Development Centers (SBDCs) focus on the creation, retention and expansion of small businesses. Questions? Contact Ann Desch, State SBDC Director at 406.841.2746.

	2005	2004
<b>Jobs Created</b>	330	862
<b>Jobs Retained</b>	419	2,072
<b>Clients counseled</b>	1,340	1,521
<b>Individuals Trained</b>	3,210	2,679
<b>Business Loans</b>	\$36,372,502	\$33,860,712
<b>Number of Business Loans</b>	320	235

- ⇒ Positive Return on Investment - for every tax \$1.00 spent, \$2.69 in tax revenues was generated from established and pre-venture firms
- ⇒ \$64 million in financing obtained by clients as a result of counseling received.
- ⇒ 90% of clients indicated that the SBDC services were beneficial.
- ⇒ Each \$1.00 expended on the SBDC program for client counseling generated approximately \$55.65 in new capital raised
- ⇒ 27% increase in sales for established businesses versus 8% for non-SBDC clients;
- ⇒ 12.5% increase in employment for established businesses versus 2% for non-SBDC clients

## PERFORMANCE IMPACT OF MONTANA GROWTH THROUGH AGRICULTURE

The Growth Through Agriculture (GTA) program and the Montana Agriculture Development Council were established by the Montana Legislature to strengthen and diversify Montana's agricultural industry through private-public partnerships that assist in the development of new agricultural products and processes. Questions? Contact Justin Hager, Manager, GTA Program 406.444.2402.

	FY 2006	FY 2005
<b>Total Applicants</b>	72	52
<b>Total Projects Funded:</b>	38	24
<b>Grants</b>	29	20
<b>Loans</b>	9	4
<b>Total Funds Awarded:</b>	1,220,813	749,897
<b>Grants</b>	901,018	606,957
<b>Loans</b>	319,795	142,940
<b>Matching Funds</b>	3,120,577	1,828,151
<b>Jobs Created/Retained</b>	35	17

- ⇒ 38% increase in total program applicants
- ⇒ 58% increase in applicants funded
- ⇒ 63% increase in funds awarded
- ⇒ 71% increase in leveraged Matching Funds
- ⇒ 206% increase in job creation/retention

## PERFORMANCE IMPACT OF MONTANA MANUFACTURING EXTENSION CENTER

We help manufacturers compete smart. Since its creation in 1996, the Montana Manufacturing Extension Center (MMEC) has conducted **1,125 projects with 544 clients in 50 of Montana's 56 counties**. Results of an independent survey of economic impact are below. Questions? Contact Steve Holland, Executive Director at 406.994.3812

Measure	7/1/05 – 6/30/06 most recent available data	1/1/96 – 6/30/06
Clients Served	85	544
Counties Served	26	50
Projects Conducted	110	1125
Jobs Created	169	309
Jobs Retained	150	466
Increased Sales	\$48,641,000	\$63,959,800
Retained Sales	\$32,332,000	\$57,673,750
Client Investment in Property, Plant/Equipment, Workforce, Information Systems, etc.	\$7,888,200	\$38,878,353
Client Satisfaction	4.73 out of 5	4.61 out of 5

Source: US Department of Commerce - National Institute of Standards and Technology Manufacturing Extension Partnership

In November 2006 MMEC received a report of the multiplier affect of manufacturing in Montana from Brad Eldredge, PhD at the Research and Analysis Bureau of the Montana Dept. of Labor and Industry. Results of the IMPLAN model estimated that the manufacturing sector's **employment multiplier was 3.58**. This means that if the manufacturing sector added one additional job, another 2.58 jobs would be created in the economy. Additionally the model estimated the manufacturing sector's **employee compensation multiplier at 2.72 and output multiplier at 1.98**. The employee compensation multiplier indicates that for every additional dollar in wages and benefits paid to a manufacturing employee, another \$1.72 in wages and benefits will be paid to Montana employees in other economic sectors. Likewise, the output multiplier estimates that a dollar increase in manufacturing output will induce another 98 cents in the rest of the economy.

## PERFORMANCE IMPACT OF MONTANA BOARD OF RESEARCH AND COMMERCIALIZATION TECHNOLOGY

The Montana Board of Research and Commercialization Technology was created to provide a predictable and stable source of funding for research and commercialization projects to be conducted at research and commercialization centers in Montana. The purpose of the program is to encourage economic development through investment in research projects that have a clear path to commercialization. Questions? Contact Dave Desch, Executive Director at 406.841.2759.

Program Impacts from its Inception in the year 2000:

Projects Funded	105
Funds Awarded	\$26 million
Matching Funds	\$33 million
Matching Funds Leveraged	1.3:1
Follow-on Funding	\$141 million
Follow-on Funding Leveraged	5.4:1

## PERFORMANCE IMPACT OF MONTANA INTERNATIONAL TRADE AND RELATIONS BUREAU

### **Technical Assistance for Montana Exporters**

The bureau's International Trade Officer provides technical assistance on exporting, including payment options and international finance, shipping, negotiation, business relationship development, as well as cross-cultural considerations for Montana businesses, educational institutions, organizations, and associations.

### **Overseas Trade Representative Offices**

The bureau manages trade representative offices in Kumamoto, Japan and Taipei, Taiwan. The trade offices provide Montana businesses with valuable in-country support for trade show representation and assistance, trade leads, market research and support services for visiting business representatives. The overseas offices track the paid media value for news generated about Montana. **The media value of Montana news generated in Chinese and Japanese for 2005 was \$3,302,729.**

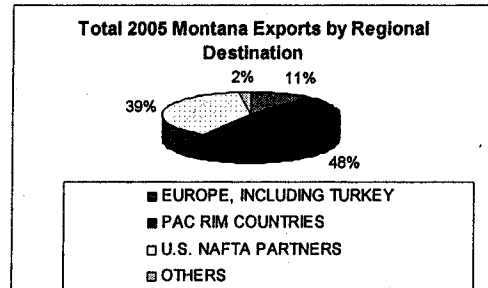
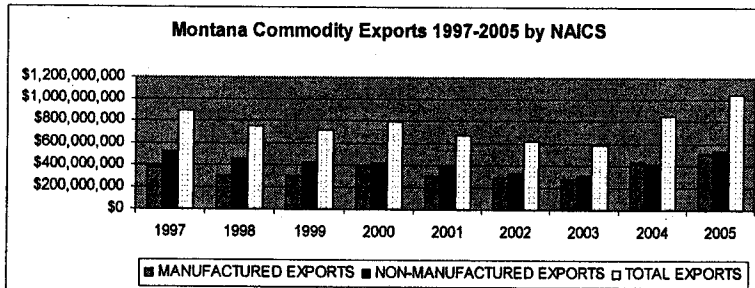
### **International Visitors**

The overseas offices track the overnights in Montana offered by travel agencies. In 2006, there were 180,834 Chinese visitor overnights and 135,440 Japanese visitor overnights. The US Office of Travel Industry Statistics calculates that foreign visitors spend \$175 per day, which would give Montana's 2006 Japanese and Chinese visitors an estimated value of over **\$55 million.**

### **Montana Exports**

Export sales of all Montana products increased by 23.6 percent to top **\$1.04 billion** for 2005. Bulk shipments of wheat led all commodity exports with \$330 million in sales, an increase of \$52.6 million over 2004 totals. **Nearly all of the state's major export sectors showed significant gains in export sales.** Exports of industrial machinery, the state's leading manufactured export, increased by 46 percent to \$161.4 million for the year. Export sales for 2006 are projected to exceed the total exports made in 2005.

Questions? Contact Mark Bisom, Trade and International Relations, 406.841.2752



## PERFORMANCE IMPACT OF SMALL BUSINESS INNOVATIVE RESEARCH (SBIR) AND SMALL BUSINESS TECHNOLOGY TRANSFER (STTR)

The mission of the Montana Department of Commerce, Small Business Innovation Research (SBIR) Outreach Program is to help Montana companies compete for more than two billion dollars in federal grants that have been earmarked to fund small business research and development in the United States. Questions? Contact Linda Brander, Program Director at 406.841.2749.

Increase in awards to Montana companies:	Between 1999 through 2004 85% increase in awards from 20 to 37
Increase in funds awarded to Montana companies:	Between 1999 through 2004 125% increase in revenues from \$4 million to \$9 million
31 awards in 2006 generated revenues of:	\$11,000,000.00
Percentage of award winners receiving assistance from SBIR technical assistance program:	39%
Dollar value brought into the state:	\$10 for every Montana citizen

## PERFORMANCE IMPACT OF MONTANA COOPERATIVE DEVELOPMENT CENTER

The Montana Cooperative Development Center is a statewide resource for individuals and groups starting businesses utilizing the cooperative business model and philosophy. Questions? Contact Cheryl MacArthur, Executive Director at 406.727.1517.

Number of groups assisted since inception:	150
Number of Cooperatives formed:	12
Number of Cooperative Members:	544
Number of Jobs Created	27.5
Number of Jobs Retained	4
Total Dollars leveraged from \$390,000	\$3,434,500.00
Economic impact on state from the 12 cooperatives formed:	\$113 million annually

Note: Without the support from the State, we are not eligible for the federal grants that fund our organization and network of partners allowing us the ability to provide assistance to the numerous project groups across the State.

## PERFORMANCE IMPACT OF CERTIFIED REGIONAL DEVELOPMENT CORPORATIONS

The legislative intent of the CRDC program is to encourage a regional approach to economic development that facilitates the efficient delivery of economic development programs by supporting regional capacity building. Questions? Contact Quinn Ness, CRDC Program Director at 406.841.2758.

*CRDCs for this report include: Bear Paw Development, Beartooth RC&D, Eastern Plains RC&D, Gateway Development, Great Northern Development, Headwaters RC&D, Western Rural Development/Lake County Community Development, North Central EDD, Rocky Mountain RC&D, Snowy Mountain Development, and Southeastern Montana Development.*

### CRDC FINANCIAL GAIN AND JOB GROWTH

Total number of CRDC loans:	168
Total dollar amount of CRDC loans:	23,438,147.00
Total additional dollars leveraged:	16,394,130.00
Number of jobs created:	474
Number of jobs retained:	305
Number of businesses assisted:	1,380
Number of projects assisted:	391

### CRDC MANAGEMENT OF STATE AND FEDERAL PROGRAMS

Grant dollars received apart from State and Federal funds:	130,321.00
Total State dollars managed:	9,384,641.88
Total Federal dollars managed:	19,774,851.79
Additional dollars leveraged:	24,247,615.83
Total for the statewide CRDC program:	53,537,844.50